

## Message Text

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FM SECSTATE WASHDC

TO USMISSION EC BRUSSELS

C O N F I D E N T I A L STATE 033671

FOLLOWING REPEAT STATE 33671 ACTION ABIDJAN INFO OECD  
PARIS PARIS LONDON ACCRA LAGOS SANTO DOMINGO MEXICO BRASILIA  
YAOUNDE GENEVA 11 FEBRUARY 76.

QUOTE

C O N F I D E N T I A L STATE 033671

E.O. 11652: GDS

TAGS: ETRD, EAGR

SUBJECT: POSSIBLE REOPENING OF COCOA NEGOTIATIONS

REFS: (A) ABIDJAN 1182, (B) ABIDJAN 1126, (C) STATE 12368

1. THE JOINT STATE/TREASURY STATEMENT ON COMMODITY  
POLICY (REF C) WAS REAFFIRMED BY A STATEMENT MADE BY  
SECRETARY KISSINGER BEFORE THE SENATE FINANCE COMMITTEE  
ON JANUARY 30, 1976, IN WHICH THE SECRETARY SAID - QUOTE -  
THE NEW COCOA AGREEMENT CONTAINS INSUFFICIENT PROTECTION  
FOR CONSUMERS AND ITS PRICE PROVISIONS ARE TOO RIGID. WE  
ARE ASKING FOR RENEGOTIATION. UNQUOTE

2. WE PLAN TO RAISE THIS ISSUE INFORMALLY WITH OTHER KEY  
COCOA CONSUMING COUNTRIES DURING THE WEEK OF FEBRUARY 9  
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AT THE OECD HIGH-LEVEL GROUP ON COMMODITIES IN PARIS. WE

MAY ALSO CONSULT BILATERALLY WITH CERTAIN CONSUMING COUNTRIES SUCH AS FRANCE.

3. THE AGREEMENT IS DEFICIENT IN A NUMBER OF RESPECTS. IT IS RIGID AND ARBITRARY AND BEARS NO RELATIONSHIP TO WHAT MIGHT HAPPEN IN THE COCOA MARKET. THE PRICE RANGE IS ARBITRARILY DETERMINED AND DOES NOT PROVIDE FLEXIBILITY TO TAKE INTO ACCOUNT THE REALITIES OF THE MARKET PLACE AND MAY NOT BE RELATED TO THE LONG TERM SUPPLY-DEMAND TREND.

4. WE WILL DETERMINE FURTHER STEPS FOLLOWING SUCH CONSULTATIONS AS MAY TAKE PLACE IN PARIS.

5. THE REFERENCE IN PARAGRAPH 4 OF REF A. TO U.S. ENDORSEMENT OF A PROMOTION CAMPAIGN IS UNCLEAR. TO OUR KNOWLEDGE THE SUBJECT OF PROMOTION WAS NOT RAISED DURING THE UNCTAD CONFERENCE EXCEPT IN A PASSING REFERENCE. ARTICLE 52 OF THE AGREEMENT, WHICH DEALS WITH PROMOTION, IMPOSES NO FINANCIAL REQUIREMENTS ON IMPORTING MEMBERS. WE ARE NOT AWARE THAT PROMOTION HAS BEEN AN IMPORTANT ISSUE WITHIN THE INTERNATIONAL COCOA ORGANIZATION (ICCO). THE GHANAIAAN AND NIGERIAN ARGUMENTS ON PROMOTION SEEM AMBIGUOUS AND WEAK.

6. THE U.S. PROPOSALS MADE AT THE LAST GENEVA CONFERENCE WOULD FORM THE BASIS FOR A REOPENING OF NEGOTIATIONS. THESE WERE DESIGNED TO MAKE THE NEW AGREEMENT MORE FLEXIBLE AND WORKABLE THROUGH A SIMPLE BUFFER STOCK ARRANGEMENT INSTEAD OF EXPORT CONTROLS. WE REGARD EXPORT CONTROLS AS AN UNNECESSARY MECHANISM TO STABILIZE THE MARKET FOR COCOA. THE EXISTENCE OF A SUBSTANTIAL FUND FOR A COCOA BUFFER STOCK PROVIDES A GOOD BASIS FOR THE ARRANGEMENT WE PROPOSED.

7. THE EMBASSY MAY DRAW UPON THE ABOVE IN ITS DISCUSSIONS WITH GOIC OFFICIALS, ESPECIALLY SAWADOGO. INGERSOLL UNQUOTE INGERSOLL

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COCOA, NEGOTIATIONS  
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**Draft Date:** 17 FEB 1976  
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**Disposition Approved on Date:**  
**Disposition Authority:** ShawDG  
**Disposition Case Number:** n/a  
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**To:** EC BRUSSELS  
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